

# **Code of Federal Regulations (CFR200)**

## **GENERAL PROVISIONS FOR SELECTED ITEMS OF COST:**

# **Allowable Cost**

## **§200.421 Advertising and public relations.**

The **only** allowable advertising costs are those which are solely for:

(1) Recruitment of personnel (2) The procurement of goods and services (3) The disposal of scrap or surplus materials acquired (4) Program outreach and other specific purposes necessary to meet the requirements of the Federal award.

The **only** allowable public relations costs are:

(1) Costs specifically required by the Federal award (2) Costs of communicating with the public and press pertaining to specific activities or accomplishments which result from performance of the Federal award (3) Public relations costs necessary to keep the public informed on matters of public concern, such as notices of funding opportunities, financial matters, etc.

**All other Advertising and public relations are unallowable**

## **§200.425 Audit services.**

A reasonably proportionate share of the costs of audits required by, and performed in accordance with, the Single Audit Act Amendments of 1996 (31 U.S.C. 7501-7507), as implemented by requirements of this part, are allowable.

Sub recipients who are exempted from the requirements of the Single Audit Act (Federal awards are less than \$750,000 during the non-Federal entity's fiscal year), is allowable only if (1) Conducted in accordance with GAGAS attestation standards; (2) Paid for and arranged by the pass-through entity; and (3) Limited in scope to one or more of the following types of compliance requirements: activities allowed or unallowed; allowable costs/cost principles; eligibility; and reporting.

**All other Audit services are unallowable**

## **§200.427 Bonding costs.**

Costs of bonding required pursuant to the terms and conditions of the Federal award are allowable.

## **§200.428 Collections of improper payments.**

The costs incurred by a non-Federal entity to recover improper payments are allowable as either direct or indirect costs, as appropriate. Amounts collected may be used by the non-Federal entity in accordance with cash management standards set forth in §200.305 *Payment*.

## **§200.430 Compensation—personal services.**

Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, are allowable.

## **§200.431 Compensation—fringe benefits.**

Fringe benefits are allowable provided they follow employer policies and meet Federal laws and regulations. Fringe benefits include, but are not limited to, the costs of leave (vacation, family-related, sick or military), employee insurance, pensions, and unemployment benefit plans.

#### **§200.432 Conferences.**

A conference is defined as a meeting, retreat, seminar, symposium, workshop or event whose primary purpose is the dissemination of technical information beyond the non-Federal entity and is necessary and reasonable for successful performance under the Federal award. Allowable conference costs paid by the non-Federal entity as a sponsor or host of the conference may include rental of facilities, speakers' fees, costs of meals and refreshments, local transportation, and other items incidental to such conferences unless further restricted by the terms and conditions of the Federal award. As needed, the costs of identifying, but not providing, locally available dependent-care resources are allowable. Conference hosts/sponsors must exercise discretion and judgment in ensuring that conference costs are appropriate, necessary and managed in a manner that minimizes costs to the Federal award.

#### **§200.436 Depreciation.**

Depreciation is the method for allocating the cost of fixed assets to periods benefitting from asset use. The non-Federal entity may be compensated for the use of equipment, and computing devices in accordance with GAAP, provided that they are used, needed and properly allocated to Federal awards.

#### **§200.443 Gains and losses on disposition of depreciable assets.**

Gains and losses on the sale, retirement, or other disposition of depreciable property must be included in the year in which they occur as credits or charges to the asset cost grouping(s) in which the property was included.

#### **§200.437 Employee health and welfare costs.**

Costs incurred in accordance with the provider's documented policies for the improvement of working conditions, employer-employee relations, employee health, and employee performance are allowable.

#### **§200.447 Insurance and indemnification.**

Costs of insurance required or approved and maintained, pursuant to the Federal award, are allowable.

#### **§200.452 Maintenance and repair costs.**

Costs incurred for utilities, insurance, security, necessary maintenance, janitorial services, repair, or upkeep of buildings and equipment (including Federal property unless otherwise provided for) which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition, are allowable.

#### **§200.453 Materials and supplies costs, including costs of computing devices.**

Costs incurred for materials, supplies, and fabricated parts necessary to carry out a Federal award are allowable.

#### **§200.454 Memberships, subscriptions, and professional activity costs.**

Costs of the non-Federal entity's membership in business, technical, and professional organizations are allowable. Costs of the non-Federal entity's subscriptions to business, professional, and technical periodicals are

allowable. Costs of membership in any civic or community organization are allowable with prior approval by the Federal awarding agency or pass-through entity.

**Costs of membership in any country club or social or dining club or organization are unallowable.**

**Costs of membership in organizations whose primary purpose is lobbying are unallowable.**

**§200.457 Plant and security costs.**

Necessary and reasonable expenses incurred for protection and security of facilities, personnel, and work products are allowable. Such costs include, but are not limited to, wages and uniforms of personnel engaged in security activities; equipment; barriers; protective (non-military) gear, devices, and equipment; contractual security services; and consultants. Capital expenditures for plant security purposes are subject to §200.439 Equipment and other capital expenditures.

**§200.458 Pre-award costs.**

Pre-award costs are those incurred prior to the effective date of the Federal award directly pursuant to the negotiation and in anticipation of the Federal award where such costs are necessary for efficient and timely performance of the scope of work. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of the Federal awarding agency.

**§200.459 Professional service costs.**

(a) Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the non-Federal entity, are allowable.

**§200.461 Publication and printing costs.**

Publication costs for electronic and print media, including distribution, promotion, and general handling are allowable. If these costs are not identifiable with a particular cost objective, they should be allocated as indirect costs to all benefiting activities.

**§200.463 Recruiting costs.**

Costs of “help wanted” advertising, operating costs of an employment office necessary to secure and maintain an adequate staff, costs of operating an aptitude and educational testing program, travel costs of employees while engaged in recruiting personnel, travel costs of applicants for interviews for prospective employment, and relocation costs incurred incident to recruitment of new employees, are allowable to the extent that such costs are incurred pursuant to the provider's standard recruitment program.

**§200.465 Rental costs of real property and equipment.**

Rental costs are allowable to the extent that the rates are reasonable in light of such factors as: rental costs of comparable property, if any; market conditions in the area; alternatives available; and the type, life expectancy, condition, and value of the property leased. Rental arrangements should be reviewed periodically to determine if circumstances have changed and other options are available.

**§200.470 Taxes (including Value Added Tax).**

Taxes that a governmental unit is legally required to pay and are paid or accrued in accordance with GAAP are generally allowable.

**§200.472 Training and education costs.**

The cost of training and education provided for employee development is allowable.

**§200.473 Transportation costs.**

Costs incurred for freight, express, cartage, postage, and other transportation services relating either to goods purchased, in process, or delivered, are allowable.

**§200.474 Travel costs.**

Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the non-Federal entity. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the non-Federal entity's non-federally-funded activities and in accordance with the provider's written travel reimbursement policies.

## **Unallowable Cost**

**§200.422 Advisory councils.**

Costs incurred by advisory councils or committees are unallowable unless authorized by statute, the Federal awarding agency or as an indirect cost where allocable to Federal awards. See §200.444 General costs of government, applicable to states, local governments and Indian tribes.

**§200.423 Alcoholic beverages.**

Costs of alcoholic beverages are unallowable.

**§200.424 Alumni/ae activities.**

Costs incurred by IHEs for, or in support of, alumni/ae activities are unallowable.

**§200.426 Bad debts.**

Bad or uncollectable debts including losses are unallowable.

**§200.429 Commencement and convocation costs.**

Costs incurred for commencements and convocations are unallowable, except as student activity costs.

**§200.438 Entertainment costs.**

Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable.

**§200.434 Contributions and donations.**

Costs of contributions and donations, including cash, property, and services, are unallowable.

#### **§200.439 Equipment and other capital expenditures.**

Capital expenditures for buildings, land, and improvements to land are unallowable for Adult Education.

#### **§200.441 Fines, penalties, damages and other settlements.**

Costs resulting from non-Federal entity violations of, alleged violations of, or failure to comply with, Federal, state, tribal, local or foreign laws and regulations are unallowable, except when incurred as a result of compliance with specific provisions of the Federal award, or with prior written approval of the Federal awarding agency.

#### **§200.442 Fund raising and investment management costs.**

Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable

#### **§200.445 Goods or services for personal use.**

Costs of goods or services for personal use of the non-Federal entity's employees are unallowable regardless of whether the cost is reported as taxable income to the employees.

#### **§200.449 Interest.**

Costs incurred for interest on borrowed capital, temporary use of endowment funds, or the use of the non-Federal entity's own funds, however represented, are unallowable.

#### **§200.450 Lobbying.**

(a) The cost of certain influencing activities associated with obtaining grants, contracts, cooperative agreements, or loans is an unallowable cost.

#### **§200.451 Losses on other awards or contracts.**

Any excess of costs over income under any other award or contract of any nature is unallowable.

#### **§200.455 Organization costs.**

Costs such as incorporation fees, brokers' fees, fees to promoters, organizers or management consultants, attorneys, accountants, or investment counselor, whether or not employees of the non-Federal entity in connection with establishment or reorganization of an organization, are unallowable except with prior approval of the Federal awarding agency.

#### **§200.467 Selling and marketing costs.**

Costs of selling and marketing any products or services of the non-Federal entity (unless allowed under §200.421 Advertising and public relations.) are unallowable, except as direct costs, with prior approval by the Federal awarding agency when necessary for the performance of the Federal award.

#### **§200.469 Student activity costs.**

Costs incurred for intramural activities, student publications, student clubs, and other student activities, are unallowable, unless specifically provided for in the Federal award.